

## Minutes of the Uintah Basin Regional Council meeting held on Jan 3, 2007 at the Utah State University Building in Vernal

**Attending:** Paul Nielson, Tammie Lucero, Yankton Johnson, Irene Hansen, Laurie Brummond, Kimberley Karren, Julie Curry, Wayne Dunbar, Jack Bell, Bob Naylor, Wayne Griffin, Shirley Weathers, Mark Holmes, Dan Wheeler, Curtis Dastrup, Deena Mansfield, Sharon Wilkins, Shana Wopsock, Bill Johnson, Judy Chambley, Shelly Fenn, Dave Haslem, Darlene Burns, Randall Bennett,

**DWS Staff:** Toni Ansel, Margo Weeks, Shelly Ivie, Bob Gilbert

**Guests:** Dennis Mott, Chris Jaussi

**Excused:** Jill Goodman, Greg Todd, Mark Raymond, Stewart Leith

Paul welcomed everyone. Introductions were made.

Minutes were reviewed. Bill Johnson motioned approval, Tammie Lucero seconded the motion and it was approved unanimously.

Dan Wheeler reported for the Planning Committee, saying that members of the Committee have been involved with the Healthcare Taskforce, which has been meeting to discuss health needs. The Taskforce has involved Senator Van Tassel, agency and healthcare professionals. Also involving UBATC and USU as they will be housing the instructors and programs. Paul acknowledged the good work, and encouraged them to keep going.

Bill Johnson, Vernal Employers Committee, reported that Wayne D has been taking his place and chairing the meeting the last few meetings, as he has been out of town. The main focus has been on the Business Symposium, which was held in late October, and was quite successful. Wayne, the Symposium Committee Chair, has agreed to chair the Symposium committee again in 2007. The Committee also has members involved in the healthcare meeting, as Deena is a co-chair. Bill wants to see the healthcare task force be broadened out to look beyond LPN and RN needs and cover the other healthcare industry workforce needs, such as radiology technicians. Bill said the Committee also is looking at legislative issues. Wayne said the Symposium went well, with good attendance and workshops. He expressed appreciation to Mark Holmes for his Symposium support, and Mark's Small Business Development programs.

Wayne reported for the Youth Council, saying it did not meet in December. Continue to recognize successful youth. One of our youth went to the Council of Councils and participated on the youth panel. The Council recently reviewed and updated the point system, with the aim opening the 'eligibility window' a little wider in order to serve more youth. Please forward any youth referrals to the DWS Offices as both are seeking additional youth for services.

Toni reported for the Duchesne County Employers Committee. The Committee is planning a Business to Business Symposium on Feb 15 from 9:00 to 12:00. It will be held at the USU Building in Roosevelt. Wanted to provide a forum for businesses to meet other businesses. The Committee recently invited Matt Garner from L and L to come and participate and share information about the car business. Matt said that L & L could expand, but is real hard to find skilled people. Randall reported that a seminar on Workforce Diversity is set for Jan 25th out at Thanksgiving Point. Is being sponsored by IHC and other healthcare organizations. Dr. Steven Robbins, the presenter, will conduct a workshop called "Unintentional Intolerances." Randall invited all to attend.

Bill mentioned that Union Drilling left the area because they got a new contract in Arkansas. Only about 12 were affected and moved to Arkansas, as those who wanted to stay in the Basin found jobs in a hurry.

Deena said the Health Taskforce is back and meeting again. The Taskforce is talking about new direction, goals, action items. Appreciated the involvement of Lynn Purdin from DWS, a state program specialist. Paul expressed appreciation for the expertise found with the Taskforce members.

Paul then introduced Chris Jaussi, a local developer in Vernal. Chris said he is a builder in Ashley Valley. Timberhawk, which Chris owns, is a local company in Vernal, and has built about 100 homes in 2 subdivisions over the past few years. First subdivision was Maeser Meadows, which had 50 homes that are now priced between \$120,000 and \$190,000. Sun Ridge, a second subdivision, is just being completed, and is located on the left side of the highway as you are going to LaPoint. Is now sold out. Maeser Meadows homes were mostly purchased by young local families, maybe 10% were moveins. A home that sold for \$135k in 2004 now sells for \$200,000. Average resale for Maeser Meadows homes is now \$200,000.

Homes at Sun Ridge are in the \$250-375,000 range. Have raised prices about \$50,000 in the past year. Subcontractors have raised their prices. Chris said that 68% of those who buy homes at Sunridge work in oil and gas related work. Buyers were 54% were local, 26% were moveins from all over, and 20% were bought by investors. A four bedroom is renting for \$2300 per month. Locals that are buying are those that are moving up to a bigger home.

Chris said that homes under \$250,000 are selling very well, and quickly.

The \$300,000+ market is becoming somewhat saturated. Not getting calls for the expensive homes. Most moveup buyers have already made their move. For under \$200,000 - all you can get is a manufactured home or condo.

There continues to be a lot of speculation from out of town developers/speculators --Buying open fields and selling to developers. Housing market is catching up. Will be a glut of housing as current building is completed. Will be some overbuilt and under built situations.

Chris said there are strong increases in the number of permits that have been approved for building.

2005 - 255 Residential Permits

2006 - 415 Residential Permits

In December 06 alone, there were 40 permits given.

Challenges: huge shortage of subcontractors. In the past, you could build a house in 90 days, now takes seven months. Half of the subcontractors are coming out of Provo and SLC. Biggest challenge is getting a hotel room or other lodging.

There is a shortage of good employees. And you have to pay more for good help.

DRUG USE - Really bugged about drug use in Vernal. Oil workers that can't pass go to the construction jobs. Chris's company tests, and the workers will either refuse or fail the test. You can tell when some of the subcontractor's workers are on drugs

Chris said this is a risky market, as it is small and dependent on one industry. Investors wanting to do 200 homes in one subdivision is maybe too many. Timberhawk is doing a subdivision in Idaho to diversify. Chris has some land in Vernal, but kind of watching to see what happens before developing.

Irene asked about young families qualifying for credit. Chris said there are loans available for about any scenario. A monthly payment on \$300k is \$2000-2500. If something happens in terms of employment, young couples could be hurting in a hurry. Most still are taking a 30 year mortgage. Can get a 50 year loan, where for the first 32 years you are paying interest.

Are new developers building in the lower price range? Chris said that some are trying to do the lower priced houses. Developers are smart and try to hit where the market demands are.

Paul thanked Chris for coming and for his useful information.

Paul then introduced Dennis Mott, a local realtor in the area. Dennis said that the last boom was fueled by synthetic fuels and oil and gas. He said that prices collapsed almost overnight. The loss of subordinated income was causing foreclosures right and left. Investors are a little leery based on last boom. Market is a supply and demand situation. Dennis said he has been developing in a subdivision in the last 11 years. A few years ago, he could build for \$65 per foot, but now you can't get homes built for less than \$110 per sq ft. Dennis keeps thinking that there will be a lid on appraisal increases, but so far, appraisals are still going up. They are based on comparable properties that have sold, and sellers base their price on the appraised value. The rental market is out of control - nicer homes are going from \$3-5000 per month. Some investors are simply buy a house and renting it.

Investors are buying credit scores in Vernal, use it to buy a home, and give a percentage of the sale to whomever's credit report was used. Is a little on the flim-flam side. Both Dennis and Chris said we are headed for a 'soft' period now on the higher priced homes. Is probably too late to buy raw ground and make a subdivision. Last year, lots were still on paper. Now, since several developments have curb and gutter and utilities in place, houses will be going up. Dennis said they have 163 going up, in our office alone. Rough rentals are going up. Avg mortgage payment in Basin is \$2500 per month. Financing and monthly payments will work as long as there is overtime wages. Average debt on credit cards in the Basin is \$13000.

Dennis said that out on 500 West and 2500 South (the old Turner Mobile Home Park), our office sold 40 lots in the first two weeks. The lots and new homes combined are \$140-160,000 each. Now we can't get them fast enough from the factory. The Park should be filled up by June. Retired people and young people are buying them. The homes are 1100 to 1200 square feet without a garage. Not many low end homes are coming on the market. Last parcel sold for a subdivision was a 22 acre piece for \$60,000 an acre.

Commercial properties: Dennis said he has been doing this for 20-25 years. He has sold a ¾ acre piece at 1500 West on Hwy 40 4 times in last 2 years. Last was for \$275,000. A parcel right across from KFC in the same area is now at \$925,000. Developers really want in, and are willing to pay the price. On West Highway 40 in Vernal, over the past 5 years - 53% appreciation. Going rate is now around \$557,000 per acre.

Dennis asked "Is it a risky market?" And said it must not be, as investors are still coming in and want to get in on the action. Most are buying homes and renting them. Lowes is coming in west of WalMart. They are trying to buy the Baptist Church and Casa Rios, but don't need to.

Western States has a two acre parcel across the street from WalMart. They were offered \$1.5 million, didn't take it. Is speculation good or bad? Has run the prices up, trend is good. But now, it is hard to buy property for a development and make it go because prices are high. We still need more clothing stores; need more infrastructure. Can't find a place to eat at lunch because the lines are so long.

Dennis was asked what the average sitting time a house was on the market. He said if you have a home below \$250,000 and is in good condition, the average time is 3 days. Every realtor has a list of people that want to buy a home below \$250,000. Homes priced over \$300 are sitting. Dennis was amazed at how many rentals are coming on the market. Condos are being sold and used for rentals. Zions and Walgreens were supposed to be going forward, but now unsure. Some speculation on the synthetic fuels projects. If they go, you will see the valley really take off.

You can get a mortgage for 7% interest on conventional rates. Can manufacture all kinds of mortgage programs to meet the need. Lots of interest-only loans.

Paul thanked Dennis and Chris for their attendance and information.

Shelly presented info on the waiver that would allow Workforce Investment Act funds to be used to serve incumbent workers. She was asked about how long the proposal would be in effect. Shelly said one year, then resubmit for additional years. Paul said that the UBATC has been active in retraining, particularly in the Petroleum fields. Employees that are hired in entry level positions need certifications, specific training to move up. Employers would select employees and provide support as employees go through the training. Bill moved the waiver be supported, Curtis seconded. Voting was unanimous.

Judy then gave the Regional Director's report, and said she could remember the mid 80's and the 17% unemployment rate, and that the present situation is much better. Judy said that the Governor's office is looking at bringing the portion of the Health Dept that does Medicaid under the DWS umbrella. Our employees already do some of Medicaid work, and the Governor's Office is always looking to find some efficiencies in the system. Judy then referred to the handout on performance measures by region, noting that Eastern Region had many high marks, and highest in the QC food stamp. A new requirement is that 50% of TANF customers have to be working or participating in work activities, and must be verified. Presently, we are at 51.9%. Judy thanked the managers and staff for their work. In Business Services, 27% of employers in the region are utilizing DWS services, considerably more than any other region. In Online Services, we were asked to increase the number of employers that are using these services. Went up to 40%, then has dropped back some.

Margo then gave the DWS Office report for the Basin. Continue to have about 500 job orders. Seeing some new business growth - there were 415 last year. Recently, DWS completed a redesign for jobs.utah.gov for both employers and job seekers. The goal is to make it simpler and more intuitive. 45% of Eastern Region employers have placed a job order with DWS-highest percentage of any region in the state. Margo said the customers left on TANF (receiving monthly assistance) have disabilities or other situations making it difficult to work, but staff continue to work with and encourage them. One staffing change this quarter, as an employee in the Roosevelt DWS Office left. Position will remain vacant for time being.

Shirley reported that she has about 27 slots to fill of disabled persons that want to be involved in self-employment. Any referrals can be sent to her at [wrw@ubtanet.com](mailto:wrw@ubtanet.com).

Paul thanked everyone for attending. The next meeting will be on April 4th in Roosevelt.